

ASSEMBLY BILL

No. 289

Introduced by Assembly Member Cedillo

February 8, 2011

An act to amend Section 6363.3 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 289, as introduced, Cedillo. Sales and use tax exemption: charitable thrift stores.

The Sales and Use Tax Law imposes a tax on the gross receipts from the sale in this state of, or the storage, use, or other consumption in this state of, tangible personal property. The law provides various exemptions from this tax, including an exemption for retail items sold by thrift stores operated by nonprofit organizations, if the purpose of that thrift store is to obtain funding for medical, hospice, or social services provided to individuals with HIV or AIDS by the nonprofit organization. This exemption will be repealed January 1, 2012.

This bill would repeal that repeal date, thereby extending the operation of the exemption indefinitely.

The Bradley-Burns Uniform Local Sales and Use Tax Law authorizes counties and cities to impose local sales and use taxes in conformity with the Sales and Use Tax Law, and existing law authorizes districts, as specified, to impose transactions and use taxes in accordance with the Transactions and Use Tax Law, which conforms to the Sales and Use Tax Law. Exemptions from state sales and use taxes are incorporated into these laws.

Section 2230 of the Revenue and Taxation Code provides that the state will reimburse counties and cities for revenue losses caused by the enactment of sales and use tax exemptions.

This bill would provide that, notwithstanding Section 2230 of the Revenue and Taxation Code, no appropriation is made and the state shall not reimburse local agencies for sales and use tax revenues lost by them pursuant to this bill.

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 6363.3 of the Revenue and Taxation
2 Code is amended to read:

3 6363.3. (a) There are exempted from the taxes imposed by
4 this part, the gross receipts from the sale in this state of, and the
5 storage, use, or other consumption in this state of, used pieces of
6 clothing, household items, or other retail items sold by thrift stores
7 operated by a nonprofit organization if the purpose of that thrift
8 store is to obtain revenue for the funding of medical, hospice, or
9 social services to chronically ill individuals, and at least 75 percent
10 of the net income derived from operations of the thrift store are
11 actually expended for the purpose of providing medical, hospice,
12 or social services to the chronically ill.

13 (b) For purposes of this section, “nonprofit organization” means
14 an organization that provides medical, hospice, or social services
15 to individuals with a chronic, life-threatening illness, as defined
16 in subdivision (c) of Section 1568.01 of the Health and Safety
17 Code, and is exempt from taxation under Section 23701d.

18 ~~(c) This section shall cease to be operative on January 1, 2012,~~
19 ~~and as of that date is repealed.~~

20 SEC. 2. Notwithstanding Section 2230 of the Revenue and
21 Taxation Code, no appropriation is made by this act and the state
22 shall not reimburse any local agency for any sales and use tax
23 revenues lost by it under this act.

24 SEC. 3. This act provides for a tax levy within the meaning of
25 Article IV of the Constitution and shall go into immediate effect.

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